GRAIN TRANSPORTATION REPORT

Transportation & Marketing, Agricultural Marketing Service
United States Department of Agriculture

JULY 3, 2003

TM GRAIN TRANSPORT COST INDICATORS	Truck	Rail	Barge	Ocean Gulf	Ocean PNW
Indicator Value* for 07/03	95	110	89	137	164
Compared to Last Week	unchanged	↑	↑	↑	↑

*Indicator: Base Year 2000=100; Weekly Updates include Truck=Diesel; Rail=Nearby Secondary Rail Market; Barge=Spot Illinois River Basis; Ocean Vessel based on Routes to Japan

Figure 1--First Quarter U.S. Gulf to Japan Ocean Freight Rates Are Above 5-year Average

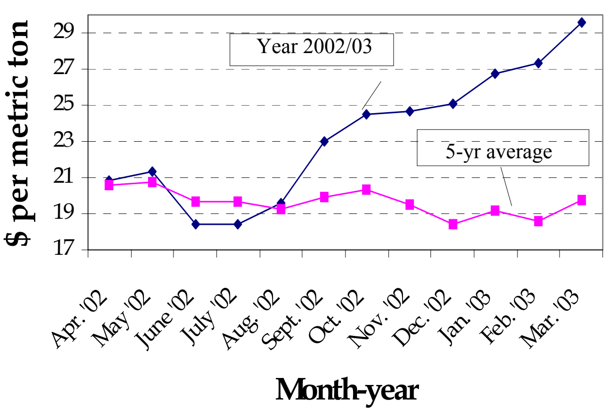
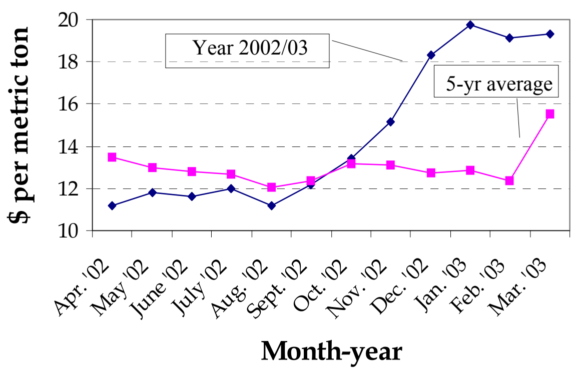


Figure 2--First Quarter U.S. PNW to Japan Ocean Freight Rates Are Above 5-year Average



Source: The Baltic Exchange

First Quarter Ocean Freight Rates Were Up. For the first quarter of 2003, ocean freight rates on two major grain routes exceeded their 5-year averages. Rates were $27.91 per metric ton for the U.S. Gulf to Japan route (Gulf) and $19.43 per metric ton for the Pacific Northwest to Japan route (PNW). The above-average trend in ocean freight rates started in August 2002 for the Gulf and in October 2002 for the PNW (figures 1 and 2).

For the Gulf, the $27.91-per-metric-ton ocean freight rate in the first quarter of 2003 was 13 percent more than in the fourth quarter of 2002 and 3 percent more than in the first quarter of 2002. It was also 46 percent higher than the 5-year average. For the PNW, the $19.43-per-metric-ton ocean freight rate in the first quarter of 2003 was 26 percent more than in the fourth quarter of 2002 and 72 percent more than in the first quarter of 2002. It was also 51 percent higher than the 5-year average.

The difference between ocean freight rates from the Gulf and the PNW is referred to as "spread." The lower the "spread," the more attractive shipments of U.S. grain from the Gulf would be relative to those from the PNW. The "spread" was $8.47 per metric ton in the first quarter of 2003, declining from the fourth quarter of 2002 by 9 percent but rising above the first quarter of 2002 by 22 percent and the 5-year average by 35 percent.

March Rates for the Gulf and January Rates for the PNW Were the Highest in 5 Years. The March 2003 ocean freight rate of $29.59 per metric ton for the Gulf and January rate of $19.78 per metric ton for the PNW were the highest in 5 years. According to the Baltic Exchange, the average daily ocean freight rates for the Gulf route have been increasing since August 2002. The rates for the PNW increased continuously from September 2002 until January 2003.

In March 2003, the ocean freight rates for the Gulf route averaged $29.59 per metric ton, a growth of almost 18 percent per month for the August–March (8-month) period. And ocean freight rates from the PNW had the highest increase in years, increasing by an average of 25 percent per month for the September–January (5-month) period.

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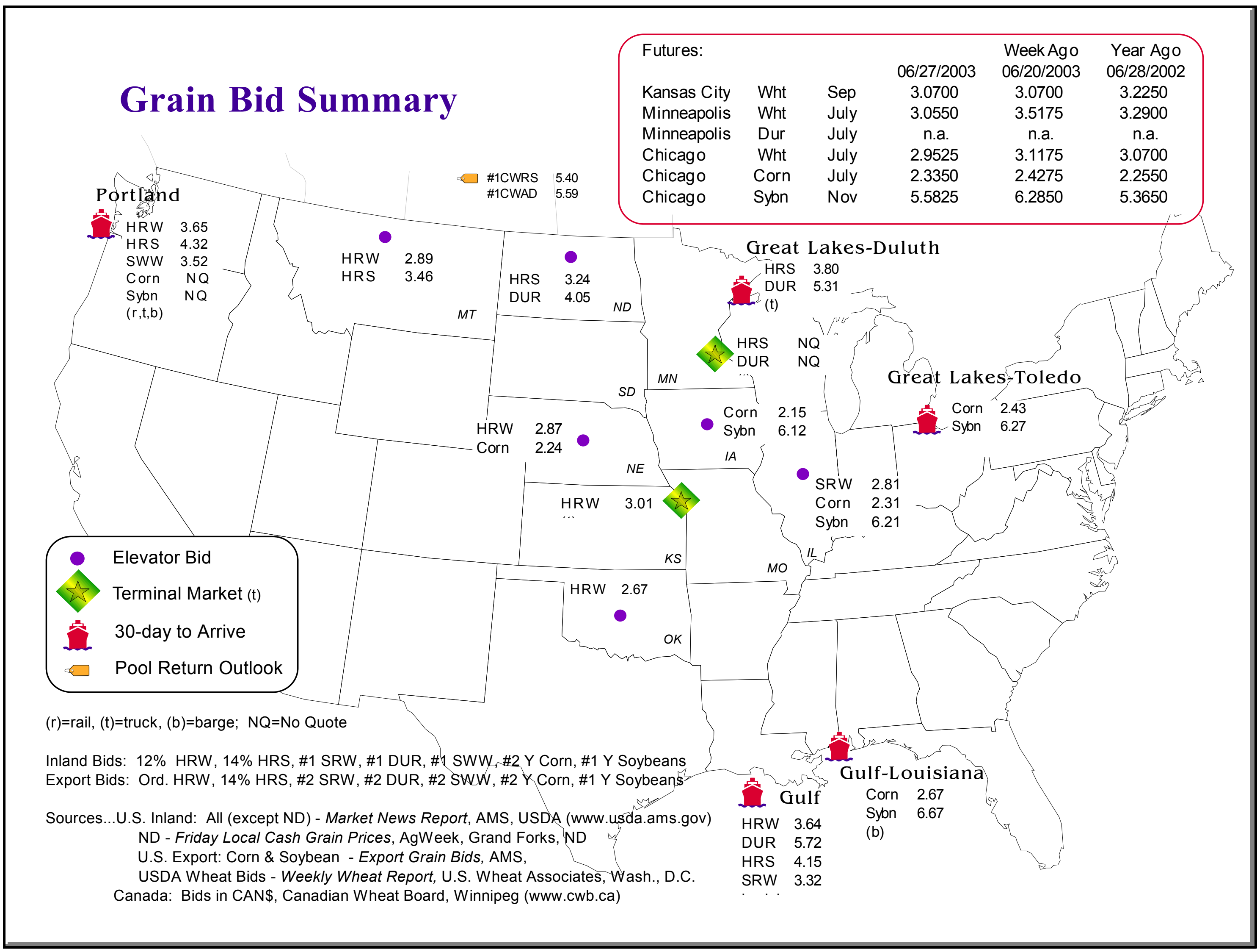
The Grain Transportation Report is a weekly news source for grain logistics. Detailed data and trend information on five major modes: barge, truck, rail, container, and vessel, provide timely insight into grain transport. The report is offered to policymakers and industry as a tool in day-to-day decision making and longer-term strategic planning for an effective and efficient U.S. grain logistics system.

Market Update: U.S. Origins to Export Position Price Spreads (Per Bushel)

Commodity	Origin--Destination	This week	Last week
Corn	IL -- Gulf	-0.36	-0.37
Corn	NE -- Gulf	-0.43	-0.44
Soybean	IA -- Gulf	-0.55	-0.49
HRW	KS -- Gulf	-0.63	-0.46
HRS	ND -- Portland	-1.08	-1.06

The **Grain Bid Summary** illustrates the market relationships for commodities. Positive and negative adjustments in differential between terminal and futures markets, and the relationship to inland market points, are indicators of changes in fundamental market supply and demand. The map may be used to monitor market and time differentials.



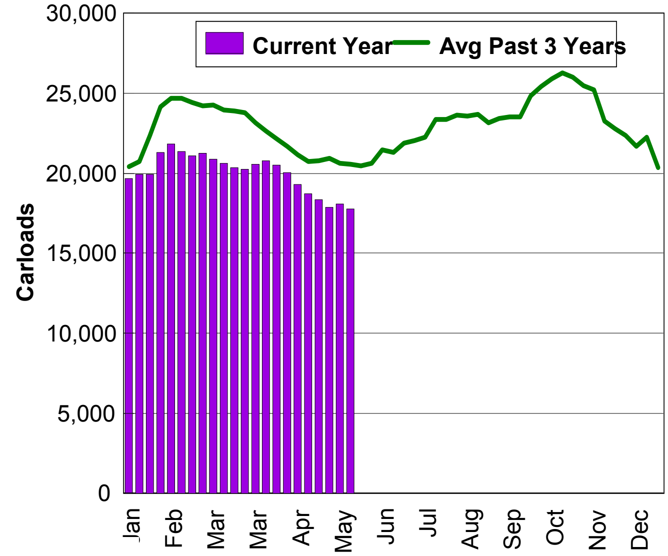
RAIL TRANSPORTATION

Rail Deliveries to Port (Carloads)

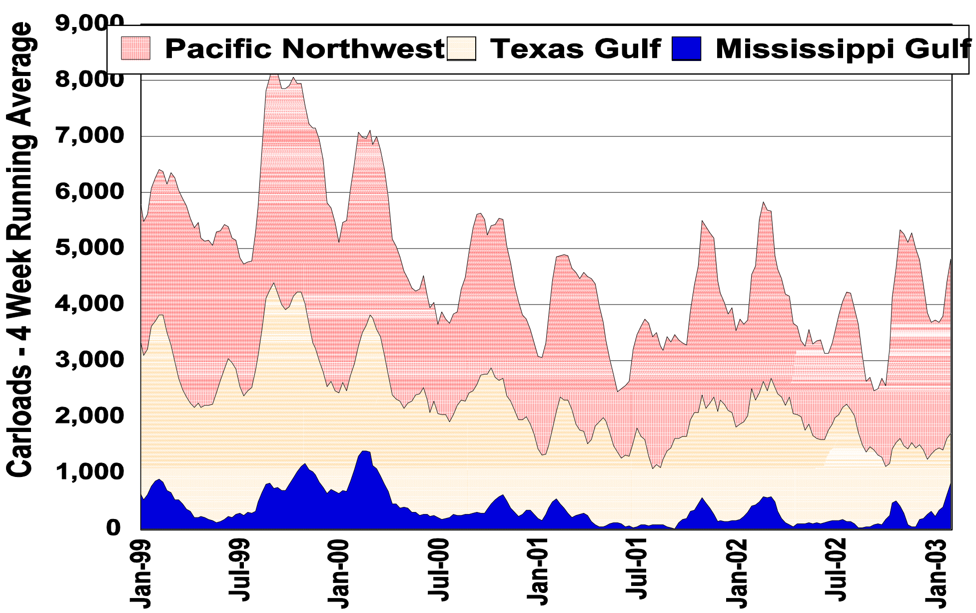
	Mississippi Gulf*	Texas Gulf	Pacific Northwest	Atlantic & East Gulf	Total
Week Ending:					
06/11/03	106	1,730	1,333	162	3,331
06/18/03	471	1,723	1,767	146	4,107
YTD 2003	8,877	29,666	72,849	9,543	120,935
YTD 2002	6,344	46,567	48,762	12,300	113,973
% YTD 2002	140%	64%	149%	78%	106%
Total 2002	11,112	83,799	111,719	21,551	228,181
Total 2001	10,022	81,804	111,376	26,604	229,806

Source: Transportation & Marketing/AMS/USDA; (*) Incomplete Data

Grain Car Loadings for Class I Railroads



Rail Deliveries to Port



Railroads originate approximately 40% of U.S. grain shipments. Trends in these loadings are indicative of market conditions and expectations.

Class I Rail Carrier Grain Car Bulletin (Grain Carloads Originated and Grain Service Index)

	East		West			U.S. Total	Canada	
	CSXT	NS	BNSF	KCS	UP		CN	CP
06/21/03	2,960	2,850	5,823	416	6,083	18,132	3,311	3,127
This Week Last Year	2,579	2,880	7,074	584	6,738	19,855	3,806	4,082
2003 YTD	69,354	79,998	179,079	8,215	160,324	496,970	80,281	81,585
2002 YTD	70,725	77,961	180,807	14,207	166,142	509,842	101,842	89,992
% of Last Year	98%	103%	99%	58%	96%	97%	79%	91%
2002 Total	142,760	164,745	400,179	27,161	344,296	1,079,141	191,835	195,765
U.S. Rail Covered Hopper Cars Online Index*								
June-03	94.1	96.1	91.0	88.5	91.3	92.5		

Source: Association of American Railroads; *Base Year =2001, Index based on Number of Covered Hopper Cars Online (available for Service).

Rail service may be ordered directly from the railroad via **Auction** for guaranteed service or tariff for non-guaranteed service, or through the secondary market. The **Secondary Rail Market** information reflects trade values for service that was originally purchased from the railroad carrier as some form of guaranteed freight. The auction and secondary rail values are indicators of rail service quality and demand/supply.

Railroad Car 'Auction' Results

Average Premium/Discount to Tariff, $/Car - Last Auction

Delivery for:	Aug-03	Sep-03	Oct-03
COT/N. Grain	$15	$38	$20
COT/S. Grain	$0	$0	$0
GCAS/Region 1	no bid	no bid	no bid
GCAS/Region 2	no bid	$2	$1

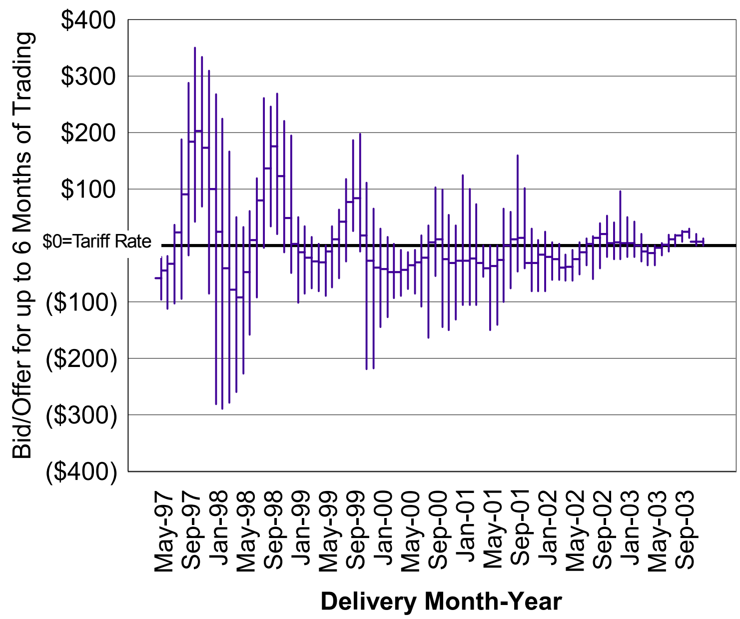
Source: Transportation & Marketing/AMS/USDA.
COT=Certificate of Transportation; GCAS=Grain Car Allocation System

Secondary Rail Car Market

Average Premium/Discount to Tariff, $/Car - Last Week

	Delivery Period			
	Jul-03	Aug-03	Sep-03	Oct-03
BNSF-GF	$20	$20	$26	$30
UP-Pool	$9	$11	$14	$25

Secondary Rail Market Bid



Tariff Rail Rates for Unit Train Shipments

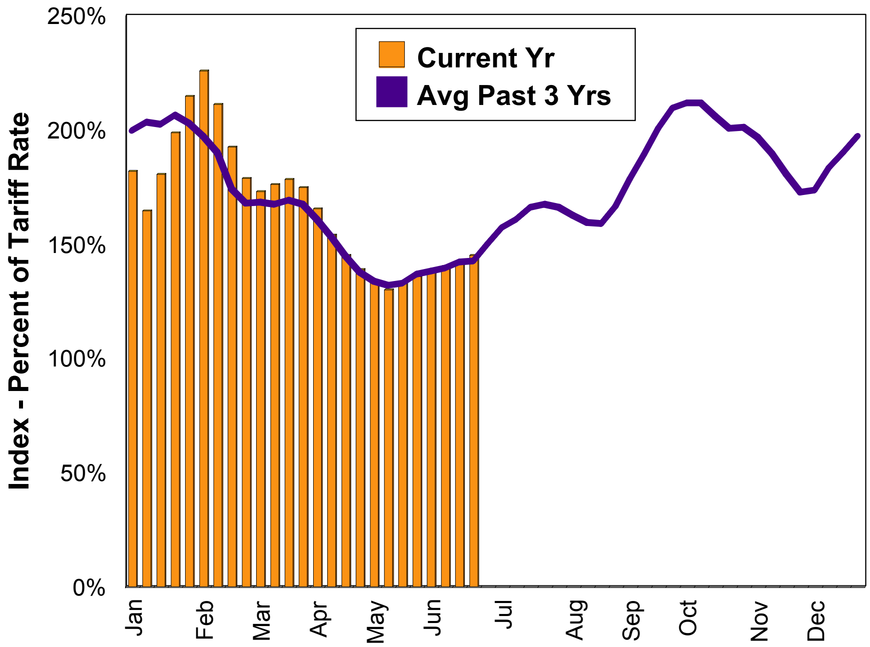
June 2003

Source: www.bnsf.com., approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat & Soybeans 60 lbs/bu*

Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
06/02/03	113710	Wheat	Kansas City, MO	Galveston, TX	$1,720	$18.96	$0.52
06/02/03	43521	Wheat	Minneapolis, MN	Portland, OR	$4,148	$45.72	$1.24
06/02/03	46540	Wheat	St. Louis, MO	Houston, TX	$1,795	$19.79	$0.54
06/02/03	113710	Wheat	Kansas City, MO	Laredo, TX	$2,180	$24.03	$0.65
06/02/03	15507	Wheat	Chicago, IL	Albany, NY	$1,834	$20.22	$0.55
06/02/03	31005	Corn	Minneapolis, MN	Portland, OR	$3,050	$33.62	$0.85
06/02/03	1132.002	Corn	Chicago, IL	Baton Rouge, LA	$1,845	$20.34	$0.52
06/02/03	1132.03	Corn	Council Bluffs, IA	Baton Rouge, LA	$1,970	$21.72	$0.55
06/02/03	113210	Corn	Evansville, IN	Raleigh, NC	$1,816	$20.02	$0.51
06/02/03	1132	Corn	Des Moines, IA	Laredo, TX	$2,595	$28.60	$0.73
06/02/03	61110	Soybean	Minneapolis, MN	Portland, OR	$3,030	$33.40	$0.91
06/02/03	1144	Soybeans	Chicago, IL	Baton Rouge, LA	$2,736	$30.16	$0.82
06/02/03	1144	Soybeans	Council Bluffs, IA	Baton Rouge, LA	$2,799	$30.85	$0.84
06/02/03	1144	Soybeans	Des Moines, IA	Laredo, TX	$2,864	$31.57	$0.86
06/02/03	11441	Soybeans	Evansville, IN	Raleigh, NC	$1,816	$20.02	$0.54

BARGE TRANSPORTATION

Illinois River Barge Rate Index - Rate Quotes



The **Illinois River Barge Rate Index** averaged 183% of the Benchmark Tariff Rate between 1999 and 2001, based on weekly market quotes. The **Index**, along with **Rate Quotes** and **Futures Market** bids are indicators of grain transport supply and demand.

Calculating **Barge Rate** Per Ton:
Index × 1976 Tariff Benchmark Rate per Ton

Select applicable index from market quotes included in tables on this page. The 1976 benchmark rates per ton are provided in map below.

BARGE RATE QUOTES: Southbound Barge Freight
Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

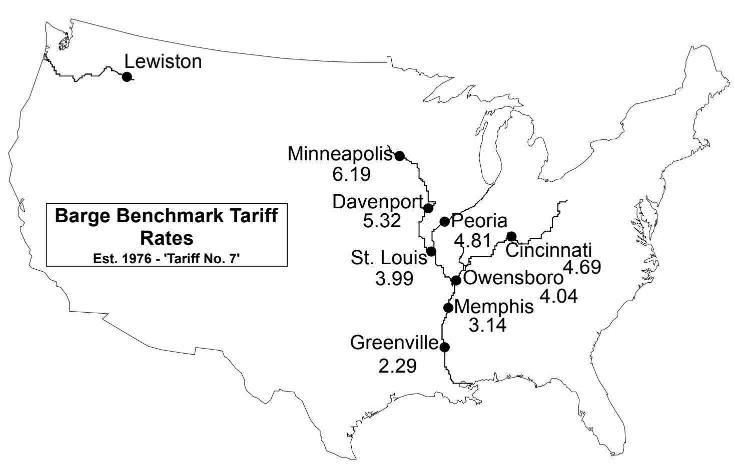
	6/25/03	6/18/03	July '03	Sept '03
Twin Cities	202	199	198	228
Mid-Mississippi	167	162	163	198
Illinois River	157	150	155	191
St. Louis	111	102	115	181
Lower Ohio	113	115	124	190
Cairo-Memphis	102	99	109	179

Source: Transportation & Marketing /AMS/USDA

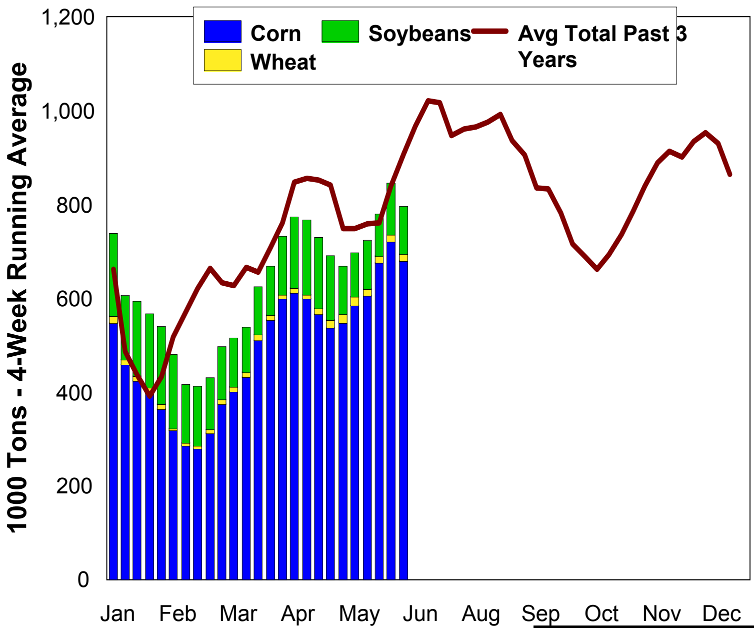
BARGE FUTURES MARKET
Southbound Barge Freight Nominal/Cash Basis Values
Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

Week ended	River/Region	Contract Period	Rate Futures	Rate Cash
7/01/03	St. Louis	Aug	n/a	145
		Oct	n/a	208
		Nov	n/a	150
		Dec	n/a	135
		Jan	n/a	135
	Illinois River	Aug	n/a	165
		Oct	n/a	230
		Nov	n/a	180
		Dec	n/a	173
		Jan	n/a	195

Source: St. Louis Merchants Exchange



Barge Movements on the Mississippi River (Lock 27)



Barge Grain Movements (1,000 Tons)
for week ending 6/21/03

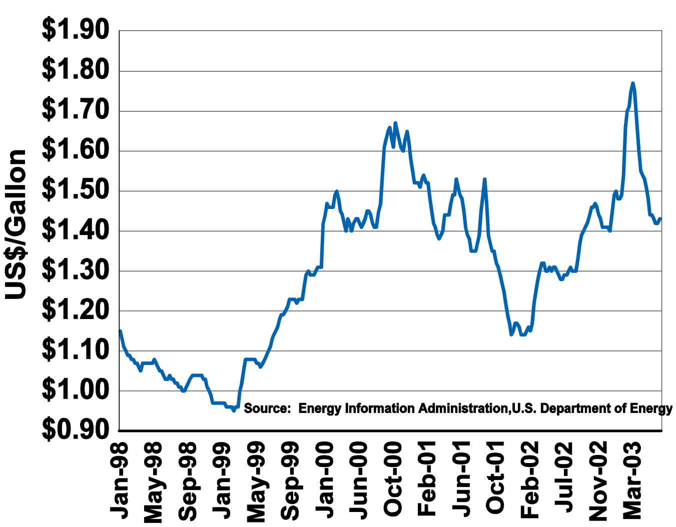
	Corn	Wht	Sybn	Total
Mississippi River				
Rock Island, IL (L15)	485	26	42	559
Winfield, MO (L25)	484	20	74	589
Alton, IL (L26)	584	22	80	697
Granite City, IL (L27)	608	17	78	713
Illinois River (L8)	130	0	8	138
Ohio River (L52)	5	0	8	15
Arkansas River (L1)	0	17	0	17
2003 YTD	13,644	777	4,348	19,204
2002 YTD	16,834	1,043	5,199	23,927
% of 2002 YTD	81%	75%	84%	81%
Total 2001	31,878	2,679	10,616	47,091

Source: U.S. Army Corp of Engineers,
YTD and Calendar year total includes Miss/27, Ohio/52 and Ark/1.

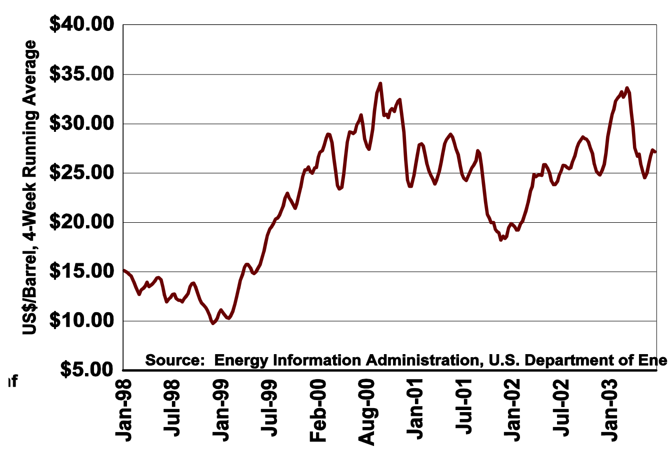
TRUCK TRANSPORTATION

The weekly **Diesel Price** provides a proxy for trends in U.S truck rates. Diesel fuel is a significant expense for truck grain movements, accounting for 37% of the estimated variable cost. **Crude Oil Price** is an indicator in future diesel price trends.

Weekly U.S. Retail Road Diesel Price



Weekly Brent Crude Price, Friday Close



Crude Oil Prices (07/01/03)

US$ per Barrel	This Week	Last Week	
Light Sweet Crude (NYMEX)	29.72	28.18	↑
Brent Crude	27.93	26.73	↑

Source: www.eia.doe.gov; *U.S. Refiner Crude Acquisition Cost, Composite Domestic & Import

Note: Light Sweet Crude is exchanged on the New York Mercantile Exchange. North Sea oil has a "benchmark" role in crude oil pricing. Brent crude, a blend of North Sea oils, is traded on the International Petroleum Exchange in London.

GRAIN EXPORTS

U.S. Export Balances (1,000 Metric Tons)

	Wheat						Corn*	Soybean*	Total
	HRW	SRW	HRS	SWW	DUR	All			
06/19/2003	1,530	386	1,223	569	142	3,851	6,092	3,708	13,651
This Week Year Ago	1,116	373	869	498	138	2,993	6,335	2,614	11,942
Commulative Exports-Crop Year									
03/04 YTD	481	45	221	163	34	943	31,918	26,680	59,541
02/03 YTD	401	163	204	233	26	1,027	37,922	26,614	65,563
01/02 Total	8,761	5,485	5,582	3,175	1,133	24,135	48,003	29,926	102,064
00/01 Total	9,314	4,445	5,775	5,156	1,130	25,819	47,734	27,567	101,120
99/00 Total	10,629	4,195	5,590	4,055	984	25,453	48,760	26,972	101,185

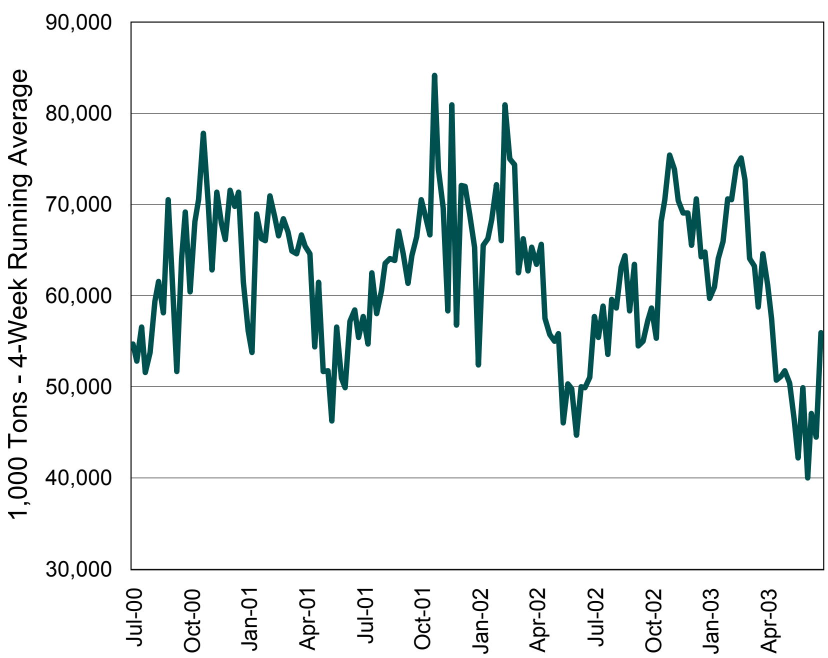
Source: Foreign Agricultural Service YTD-Year-to-Date (www.fas.usda.gov)

Select U.S. Port Regions - Grain Inspections for Export (1,000 Metric Tons)

	Pacific Region			Mississippi Gulf			Texas Gulf			Port Region Total		
	Wheat	*Corn*	*Soybn*	*Wheat*	*Corn*	*Soybn*	*Wheat*	*Corn*	*Soybn*	*Pacific*	*Mississippi*	*Texas*
06/26/03	54	164	0	116	653	164	136	0	0	218	933	136
2003 YTD	4,030	2,618	2,522	2,017	13,739	9,397	2,292	529	50	9,170	25,153	2,870
2002 YTD	4,096	2,124	1,313	2,874	18,945	9,455	3,010	138	246	7,532	31,273	3,394
% of 2002 YTD	98%	123%	192%	70%	73%	99%	76%	383%	20%	122%	80%	85%
2002 Total	10,007	5,877	1,639	6,829	34,991	17,996	6,971	468	468	17,523	59,816	7,906

Source: Federal Grain Inspection Service YTD-Year-to-Date

U.S. Grain Inspected for Export



Select Canadian Port Export Inspections
1,000 Metric Tons, Week End Summary

06/19/2003	Wheat	Durum	Barley
Vancouver	105	5	
Prince Rupert			
Prairie Direct	5		
Thunder Bay	18		
St. Lawrence	4,492	2,329	290
2001/02 YTD	10,666	2,963	961
2002/03 YTD	4,620	2,334	290
% of Last Year	43%	79%	30%

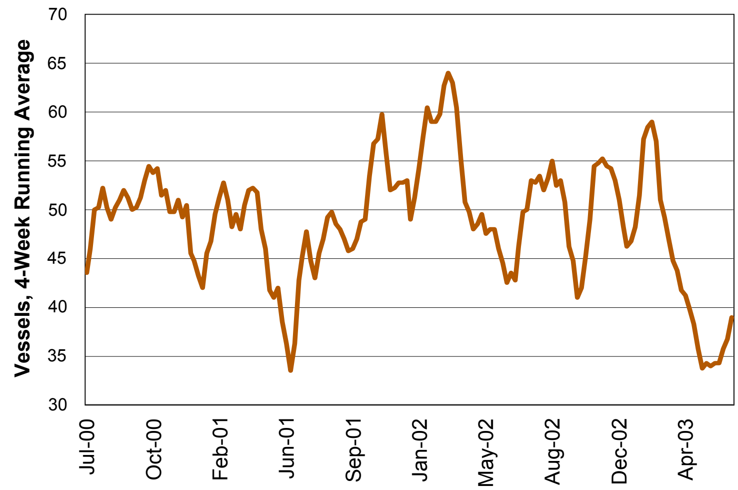
Source: Canadian Grains Commission, Crop Year 8/1-7/31

Port Region Ocean Grain Vessels

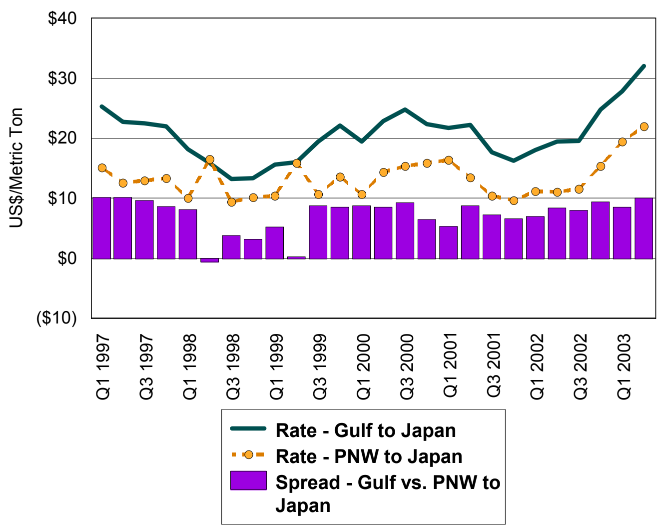
	Gulf			Pacific Northwest	Vancouver B.C.
	In Port	Loaded 7-Days	Due Next 10-Days	In Port	In Port
06/19/03	24	38	58	3	8
06/26/03	28	40	65	3	8
2002 Range	(15..55)	(33..66)	(44..82)	(3..15)	(0..12)
2002 Avg	35	51	65	8	5

Source: Transportation & Marketing /AMS/ USDA

Gulf Port Region Grain Vessel Loading
Past 7 Days



Grain Vessel Rates to Japan



Quarterly Ocean Freight Rates
Average Rates & Percentage Changes, U.S. Dollars/Metric Ton

	2003 2nd Qtr	2002 2nd Qtr	% Change		2003 2nd Qtr	2002 2nd Qtr	% Change
Gulf to				**Pacific NW to**			
Japan	$31.53	$19.43	62%	Japan	$19.33	$11.03	75%
Mexico	-	$46.92	-				
N. Europe	$18.98	$13.58	40%	**Argentina/Brazil to**			
N. Africa	$21.75	$15.84	37%	Med. Sea	$24.50	$16.98	44%
Med. Sea	$21.88	$12.62	73%	N. Europe	-	$17.16	-
				China	$32.50	-	-

Source: Transportation & Marketing/AMS/USDA

Ocean Freight Rates for Selected Shipments - week ending 6/28/03

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate ($Ton)
PNW	Taiwan	Heavy Grains	Jul 10/20	56,000	$19.50
PNW	Taiwan	Heavy Grains	Jul 10/20	56,000	$19.50
U.S. Gulf	Laffiteau, Haiti	Wheat	Jul 10/20	9,850	$60.75*
U.S. Gulf	Japan	Heavy Grain	Jul 1/5	54,000	$30.00
U.S. Gulf	Japan	Heavy Grain	Jul 25/30	54,000	$29.40
W. Australia	Sudan	Wheat	Jul 1/10	50,000	$23.00

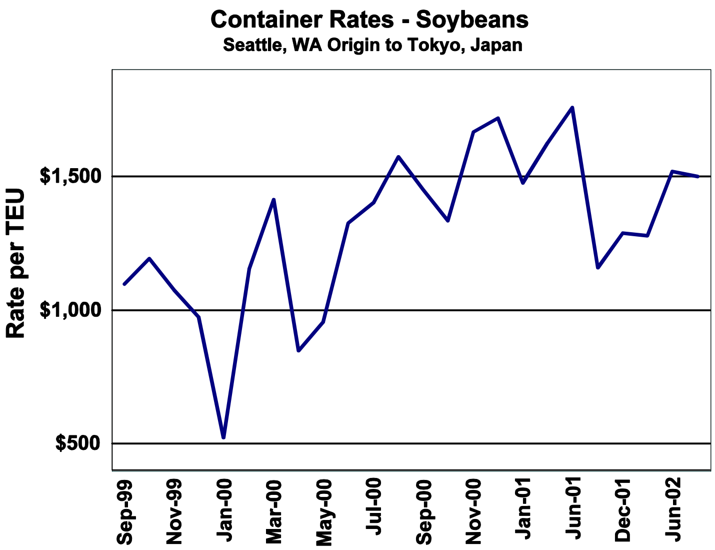
Source: Maritime Research Inc.

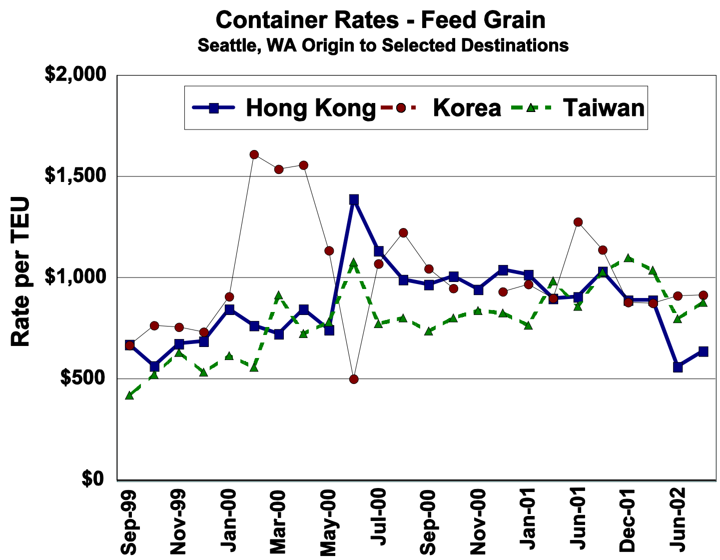
Rates shown are for metric ton (2,204.62 lbs.=one metric ton), F.O.B., except where otherwise indicated; op=option

*Most food aid from the United States is required to be shipped on U.S. flag vessels. The vessels are of limited availability resulting in higher rates. In addition, destinations receiving food aid generally lack adequate port unloading facilities, requiring the vessel to remain in port for a longer duration than normal.

CONTAINER

Container Ocean Freight Rates
Average Rate per TEU, Weighed by Shipping Line Market Share
Source: Transportation & Marketing/AMS/USDA, Quarterly Updates





Approximately 420,000 MT of grain and oilseed exports were marketed via container in 2001. This volume increased 26% compared to 1997.